GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:484
ANSWERED ON:29.04.2005
CASH DEPOSIT RATIO OF RRBS
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Will the Minister of FINANCE be pleased to state:

(a) whether there has been a considerable increase in cash deposits ratio of Regional Rural Banks during the last three years;

(b) if so, the details thereof;

(c) whether strict conditions of single exposure norms have been imposed in sanctioning of loans by banks and the extent of loan these banks can sanction to any party or person under the single exposure norms and the rate thereof;

(d) whether the Government propose to exempt these banKs from the condition of single exposure norms;

(e) if so, the details thereof; and

(f) if not, the reasons therefor?

Answer

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM):

(a) and (b) There has been a marginal fluctuation in Cash Deposit Ratio of Regional Rural Banks (RRBs) during the last three years. Year-wise details of Cash Deposit Ratio of RRBs for last three years are as under:â€”

Year	Deposit (Rs.lakh)	Cash (Rs.lakh)	Cash Deposit Ratio(%)
2001-02	4453915.09	63822.95	1.43
2002-03	5009833.52	68635.81	1.37
2003-04	5635008.23	77283.05	1.37

(c) Reserve Bank of India (RBI) has reduced the ceiling for single borrower/investment for RRBs from the existing limit of 20 per cent to 15 per cent of owned funds effective from March 31, 2002. As the rates of interest on loans and advances have been deregulated, the rate of interest is fixed with the approval of Loan Committee/Executive Committee of the RRB.

(d) to (f) RBI has reported that there is no proposal to exempt RRBs from the single exposure norms, as the concept of owned funds has been broadened to include `Share Capital Deposits` also.